

b (INFORMED!)

[answers to frequently asked questions]

What is DIRECTOR'S AND OFFICER'S INSURANCE?

This policy protects an organization when stockholders or investors sue them because of loss of assets, loss of market share, stock price declines, etc. Generally speaking, buyers should be aware of two areas of this coverage.

The standard policy excludes suit brought due to missing or underinsurance. So, if a fire burns down the factory and insurance recovery is only 50% of the loss, the other 50% being paid out of profits causes a lawsuit for loss of assets. That amount would not be covered by the D&O insurance policy.

Also, it is the entity that is insured, not the officers or principals unless the policy is endorsed to include them. Therefore, if an officer is deposed by the suing faction, his comments could be used against him in a personal suit. All officers, partners, and principals should have their attorney present when going into these depositions and really know who their Director's and Officer's policy protects.

As we always say, check with your insurance professional for the answers to your specific coverages and situational needs.

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Get the Facts!

According to *Risk Management* magazine:

- **\$894 million:** Cost of settlement paid by drug company for lawsuits relating to pain relievers.
- **\$444 million:** Cost of settlement paid by drug company for marketing unauthorized uses of several drugs.
- **\$4.85 billion:** Cost of Merck's settlement for marketing unauthorized uses for Vioxx.
- **\$62 million:** Settlement by company for off-label marketing of their drug.

By continent, the biggest killers in the last decade (excluding conflict and disease-related deaths) were transport accidents in Africa (49% of all deaths), floods in the Americas (46%), earthquakes and tsunamis in Asia (42%) and Oceania (67%), and extreme temperatures in Europe (51%). Two thirds of industrial accidents occurred in China; 70% or them in mines. Almost 60% of transport accidents were due to road traffic.



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